

# FISCAL NOTE

## SB 658 - HB 1430

March 25, 1997

**SUMMARY OF BILL:** Enacts the Tennessee Controlled Substance Excise Tax Act of 1997, which imposes an excise tax on the illegal possession, delivery, sale, or manufacture of certain amounts of controlled substances or counterfeit controlled substances. The Department of Revenue shall issue stamps to be affixed to such controlled substances to document the payment of the tax. A violation of the provisions of the bill would be a Class E felony and a penalty of 100% of the tax. In addition, disclosure of information required to be held confidential would be a Class A misdemeanor.

### ESTIMATED FISCAL IMPACT:

Increase State Expenditures -	Exceeds \$200,000 One Time Exceeds \$300,000 Recurring
Increase State Expenditures -	\$221,400/Incarceration*
Increase State Revenues -	Exceeds \$1,000,000
Increase Local Govt. Revenues -	Not Significant
Increase Local Govt. Expenditures -	Not Significant

Estimate assumes an increase in one time and recurring state expenditures for computer systems changes and additional investigative and enforcement personnel and related costs required for the administration and enforcement of the provisions of this bill.

Assumes 50 Class E felony convictions per year receiving a one year sentence with 30% of the sentence or 110 days being served.

Estimates of collections based on 549 FY1996 drug arrests made by TBI. Assumes 5% collection rate of the applicable taxes on these possessions plus 100% penalty, as well as additional arrests made by other law enforcement agencies. Assumes collections based on the level of collections in Kansas, upon whose law this bill is based. The Kansas Department of Revenue collected \$936,000 in FY1996 and projects collections of \$1.3 million in FY1997. Such collections are estimated to be made from the personal assets of the arrested individual, not including cash or other valuables seized by the law enforcement agencies involved in the arrest.

Local government impact depends upon the number of persons convicted of this offense and the resulting increased cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill.

\*Section 9-6-119, TCA, requires that: *For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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